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**SHORE TO SHORE
CORPORATION LIMITED**

ANNUAL REPORT

ASB



1969

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Head Office: 100 Ottawa Street North, Kitchener, Ontario

Share Transfer and Registration: Shore to Shore Corporation Limited

Auditors: Thorne, Gunn, Helliwell & Christenson, Kitchener

Bankers: The Toronto Dominion Bank

RAYMOND J. HARE, *Waterloo, Ontario*
Chairman of the Board and President, Shore to Shore Corporation Limited
President, Shorco Realty Limited

SIDNEY BROWN, *Guelph, Ontario*
Secretary-Treasurer, B & R Motors Limited

DAVID R. HOWEY, C.A., *Kitchener, Ontario*
Vice-President and Treasurer, Shore to Shore Corporation Limited

GORDON A. MACKAY, Q.C., *Kitchener, Ontario*
Partner, Bray, Scholfield, Mackay & Kelly

DONALD B. MARTIN, *Elmira, Ontario*
President, Martin Feed Mills Limited

MILO D. SHANTZ, *Preston, Ontario*
Vice-President, Shore to Shore Corporation Limited

MELVYN WOLFOND, *Guelph, Ontario*
Secretary-Treasurer, Armel Properties Limited

LESTER W. ZEHR, *Kitchener, Ontario*
President, Zehr's Markets Limited

RAYMOND J. HARE, Chairman of the Board and President

ROBERT C. ALLEN, Vice-President, Finance

ROBERT H. CHRISTOPHER, Vice-President, Real Estate Development

DICK CORNER, Vice-President, Waste Recovery and Pollution Control

DAVID R. HOWEY, C.A., Vice-President and Treasurer

MILO D. SHANTZ, Vice-President, Investments and Acquisitions

MELVYN WOLFOND, Executive to President

SIDNEY BROWN, Secretary

GEORGE C. ANDREWS, A.A.C.I., Assistant Secretary

DIRECTORS

OFFICERS

PRESIDENT'S REPORT TO SHAREHOLDERS



Your company enjoyed a year of sound and impressive growth in all areas of its operations.

For Shore to Shore Corporation Limited, 1969 represents the first year of a new public company formed by the amalgamation of the following companies: Shore to Shore Developments Limited, Rothsay Concentrates Limited, Guelph Properties Limited, Ranchlands Limited, and Shantz Farms Limited.

A tangible advantage of amalgamation was immediate diversification and the opportunity to formulate a sound plan of business development, resulting in greater penetration of markets.

Earnings

The net earnings for the year ended November 30, 1969 were \$365,881, more than double the combined earnings of the amalgamated companies for any previous year. On a per share basis net earnings were 16.9¢. Total assets increased to \$10,029,000 in 1969 compared to \$6,794,000 in 1968.

The Company

The operations of Shore to Shore are best described under the headings:

- Real Estate and Finance
- Waste Recovery and Pollution Control
- Investments

Real Estate and Finance

The company has increased its land inventory by acquiring additional unserviced and developed land.

In the current year construction

of the following plazas commenced: Parkdale Plaza, Waterloo; Riverside Plaza, Guelph; Victoria Plaza, Guelph; Highland Plaza, Fergus; Parkway Mall, highway 24 interchange on 401; and East King Plaza, Preston. With the exception of the Parkway Mall Plaza and the East King Plaza, the plazas are now completed and in operation. The latter two plazas are nearing completion and scheduled to open early in 1970.

In the financial field your company acquired a 24.5% interest in the District Trust Company, whose Head Office is in the city of London. Mr. Robert Allen, a Vice-President of Shore to Shore Corporation, who has 20 years of trust company experience was made available to the District Trust Company to assist in its development. In addition, two of your Directors are on the Board of Directors of the District Trust Company.

Waste Recovery and Pollution Control

The volume of business at the Rothsay Concentrates plant necessitated a major building addition and the purchase of additional plant equipment. The success of this operation has led us into related fields through the acquisition of a 50% interest in Lubrifine Limited. This company is involved in the collection of waste oil which is then re-refined and made into useful products.

Tests are presently being conducted, the results of which are expected to make possible extraction of further by-products from the waste materials collected.

Investments

Your company continually reviews potential business acquisitions, and in this connection we have made several new investments:

An 80% interest in Allcross Enterprises Limited of Guelph, Ontario—a real estate land development company.

A 50% interest in BMV Manufacturing Limited of Milverton, Ontario. This company is engaged in the manufacture of tubular steel products consisting of vinyl camp cots, folding camp beds and various other camping and domestic products which are marketed under the trade-name "CamPatio".

An 88% interest in Jifasteners Limited. This company is engaged in the development of machinery for the application of a plastic bag closure and has succeeded in developing a semi-automatic and automatic machine for applying this closure.

During the current year arrangements were concluded whereby on December 1st, 1969 your company reduced its participation in beef cattle production by leasing its facilities to Hybrid Cattle Corporation Limited in which we have a 50% interest. This company is engaged in the production of feed lot cattle and the breeding of cattle.

Shore to Shore Corporation made its first entry into the recreational field with the acquisition of a miniature golf operation in Grand Bend, Ontario, known as "Beach Golf". Further expansion in this field is presently under consideration.

Management

The amalgamation resulted in the assembling of a strong team of senior corporate management which has been further strengthened in various areas of operations by the addition of outstanding people with broad experience.

Outlook

It is the opinion of your Directors that the strength of the company's management and staff and its diversification, combine to make further growth and a significant increase in earnings a reasonable prospect for the year 1970.

Appreciation

The accomplishments of the year 1969 were made possible by the enthusiasm, ingenuity, loyalty and excellent co-operation of the people of Shore to Shore. I would like on behalf of the Board of Directors to express their appreciation and thanks.

On behalf of the Board



R. J. HARE, President

REAL ESTATE AND FINANCE



Top photo, Ottawa Plaza, located on Ottawa Street North at Weber Street East in Kitchener. This plaza also houses the company's head offices.

Centre photo, Parkdale Plaza, on Albert Street North in Waterloo. This shopping center serves the Lakeshore Village and Parkdale residential developments.

Photo at right, Parkway Mall, located at the Highway 24 interchange on 401. The first stage of the planned three-stage development is scheduled for completion in March 1970. The major tenant in this enclosed mall shopping centre, Zehr's Markets Limited, opened a 20,000 square foot supermarket February 5th.





Wellington Plaza at Silvercreek Parkway and Highway 6 in downtown Guelph. One of the tenants in this plaza is District Trust Company.



Interior of the new branch office of District Trust Company in Guelph.



Brant Building, located in downtown Brantford. This building is leased primarily by well-known national companies.

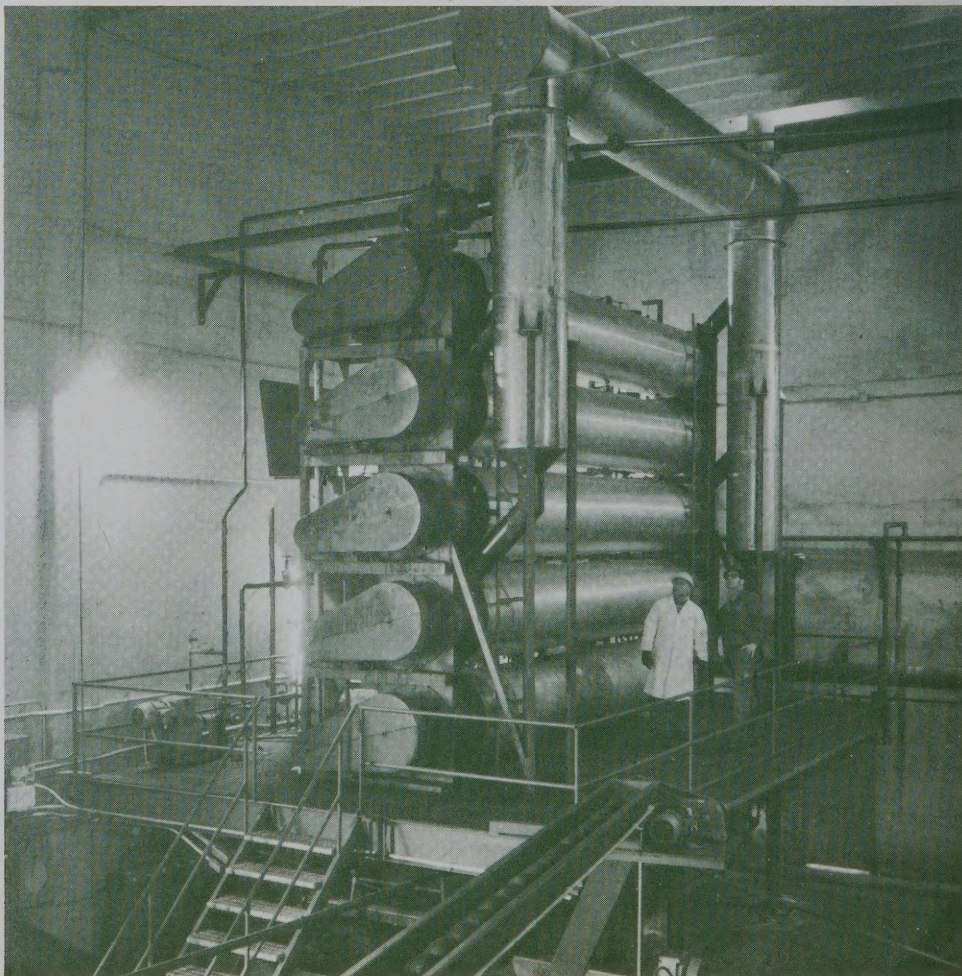


WASTE RECOVERY AND POLLUTION CONTROL

The well-maintained, modern fleet of trucks used to pick up inedible wastes for our Elmira and Rothsay rendering plants.

Waste Recovery and Pollution Control Committee, from left to right: Douglas Bisset, technical director; David R. Howey, treasurer; Donald B. Martin, committee chairman; Joseph Grundy, operations comptroller; and Dick Corner, vice-president waste recovery and pollution control.

George Piller, plant manager and Robert Trudell, general manager inspecting the new continuous rendering system at the Rothsay plant. This equipment is capable of processing 90 tons of raw material per day.



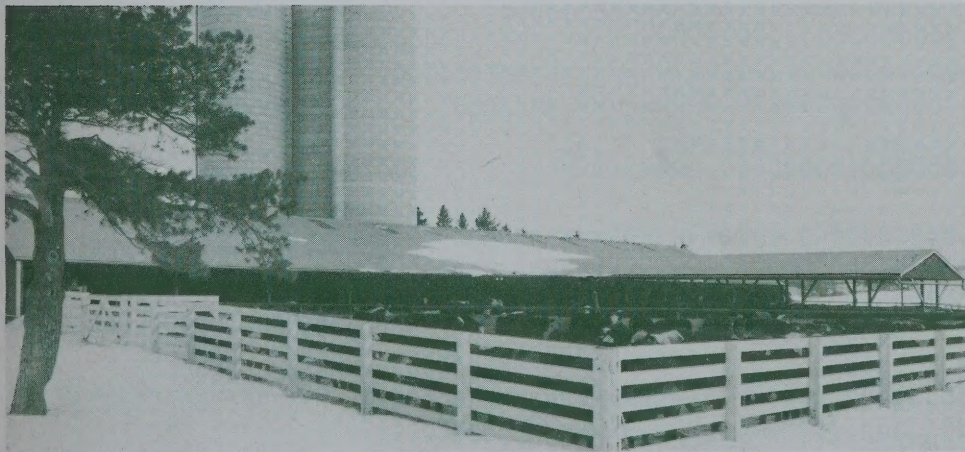


The latest high-capacity containerized garbage pick-up truck.

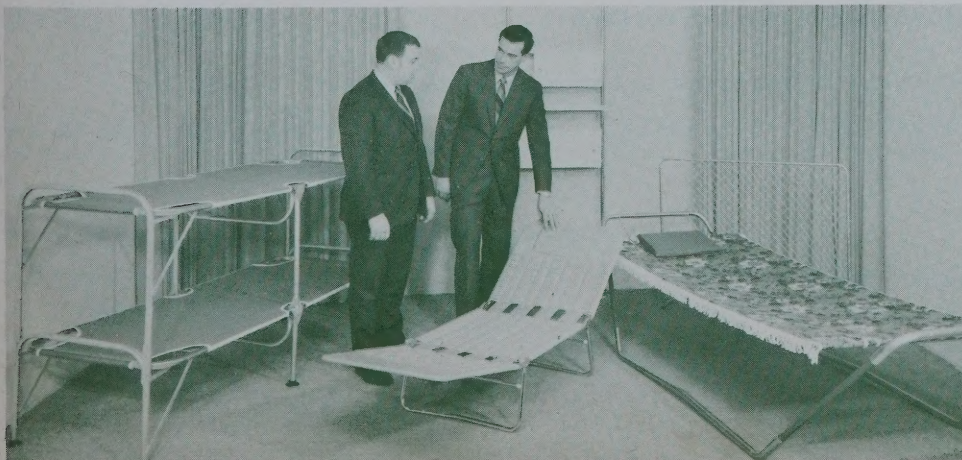


Consumer product lines manufactured and marketed by Lubritine Limited, Breslau.

INVESTMENTS



An automated cattle feed lot operated by Hybrid Cattle Corporation Limited, New Hamburg.



Milo D. Shantz, vice-president Shore to Shore, discussing new "CamPatio" products with James Lehnen, president of BMV Manufacturing Limited, Milverton.



SHORE TO SHORE CORPORATION LIMITED

BALANCE SHEET—November 30, 1969

(with comparative figures at November 29, 1968)

ASSETS	1969	1968
Accounts and notes receivable	\$ 350,837	\$ 161,421
Inventories of livestock, feed and finished goods (notes 1 and 9)	327,628	467,463
Land inventories (notes 2 and 9)	1,059,709	700,701
Prepaid expenses and sundry assets	67,058	70,436
Marketable securities, at cost (quoted market value 1969, \$474,006; 1968, \$11,854)	435,214	13,112
Mortgages and notes receivable	85,065	291,291
Investment in shares of affiliated companies	175,548	
Investment in and advances to subsidiary companies (note 3)	558,760	45,000
Income producing fixed assets, at cost less accumulated depreciation of \$935,995 (1968, \$681,008) (note 4)	6,875,860	4,962,004
Deferred charges and deposits	86,323	82,665
Organization expenses, at cost less amortization	7,428	
	<u>\$10,029,430</u>	<u>\$6,794,093</u>

Approved by the Board
Raymond J. Hare, Director
David R. Howey, Director

LIABILITIES	1969	1968
Bank advances (note 5)	\$ 1,052,480	\$ 827,217
Accounts payable and accrued liabilities	542,417	458,791
Income taxes payable	181,446	126,600
Mortgages on land inventories	581,809	158,966
Mortgages on income producing fixed assets (note 6)	3,825,288	3,238,544
Deferred income taxes	292,426	108,307
	<u>6,475,866</u>	<u>4,918,425</u>

SHAREHOLDERS' EQUITY

Capital stock (note 7)	2,833,566	1,521,551
Retained earnings	719,998	354,117
	<u>3,553,564</u>	<u>1,875,668</u>
	<u><u>\$10,029,430</u></u>	<u><u>\$6,794,093</u></u>

Contractual obligations and commitments (note 8)
Subsequent events (note 9)
Contingent liabilities (note 10)

STATEMENT OF EARNINGS

Year Ended November 30, 1969

Sales and rental income		\$3,594,846
Costs and expenses		
Cost of sales and operating expenses	\$2,080,913	
Administrative expenses	253,917	
Depreciation	258,347	
Interest on long term debt less \$19,303 capitalized	280,749	2,873,926
		<u>720,920</u>
Investment income and gain on sale of assets		<u>23,461</u>
Earnings before income taxes		744,381
Income taxes (note 11)		378,500
Net earnings for the year		<u>\$ 365,881</u>

STATEMENT OF RETAINED EARNINGS, Year Ended November 30, 1969

Balance at beginning of year	\$ 354,117
Net earnings for the year	365,881
Balance at end of year	<u>\$ 719,998</u>

Auditors' Report

To the Shareholders of
Shore to Shore Corporation Limited

We have examined the balance sheet of Shore to Shore Corporation Limited as at November 30, 1969 and the statements of earnings, retained earnings and source and use of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1969 and the results of its operations and the source and use of its cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding periods of the amalgamating companies except for the capitalization of interest as set out in note 2 to the financial statements.

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants
Kitchener, Ontario, January 27, 1970

Year Ended November 30, 1969

Source of Cash

Net earnings for the year	\$ 365,881
Items not involving current funds	
Depreciation and amortization	260,204
Deferred income taxes	184,119
	<hr/>
	810,204
Sale of investment in a subsidiary	30,153
Increase in mortgages	1,009,587
Issue of common shares	1,312,015
Increase in bank advances	225,263
	<hr/>
	<u>\$3,387,222</u>

Use of Cash

Investment in shares of affiliated companies	\$ 175,548
Investments in and advances to subsidiary companies	558,760
Additions to income producing fixed assets	2,172,203
Investment in marketable securities	422,102
Organization expenses	9,285
Net change in other assets and liabilities	49,324
	<hr/>
	<u>\$3,387,222</u>

1. Inventories of Livestock, Feed and Finished Goods

Inventories are valued at the lower of cost and net realizable value and are classified as follows:

Livestock and feed	\$248,728
Finished goods	78,900
	<hr/>
	<u>\$327,628</u>

2. Land Inventories

Land inventories are valued at cost plus interest and other carrying charges and are classified as follows:

Unserviced land	\$ 583,062
Developed land	476,647
	<hr/>
	<u>\$1,059,709</u>

In the past the amalgamating companies followed different practices relating to the capitalization of interest and carrying charges on land inventories. A consistent policy has now been adopted of capitalizing these charges.

3. Investment in and Advances to Subsidiary Companies

Allcross Enterprises Limited

During the year the company acquired an 80% controlling interest in Allcross Enter-

prises Limited at a cost which exceeded the net book value of the investment by \$174. The company's share of the loss of this subsidiary for the year ended September 30, 1969 amounted to \$598 which amount has not been reflected in the accounts. The accounts of Allcross Enterprises Limited have not been consolidated because of the dissimilarity of fiscal year ends.

Jifasteners Limited

During the year the company increased its investment in Jifasteners Limited and at November 30, 1969 held an 88% controlling interest in that company at a cost which was \$249,087 in excess of the net book value of the investment. The company's share of the net loss of this subsidiary for the year ended January 31, 1969 amounted to \$168,477 which amount has not been reflected in the accounts. The losses of this subsidiary arise mainly from expenses incurred in research and development. The eventual recovery of these expenses is dependent on the success of the development work which cannot at this time be evaluated.

The accounts of Jifasteners Limited have not been consolidated because its operations and fiscal year end are dissimilar to those of Shore to Shore Corporation Limited.

**STATEMENT OF
SOURCE AND
USE OF CASH**

**NOTES TO
FINANCIAL
STATEMENTS**

4. Income Producing Fixed Assets

	Cost	Accumulated depreciation	Net
Land	\$1,592,358		\$1,592,358
Buildings	4,517,786	\$496,537	4,021,249
Parking lots and landscaping	222,969	36,755	186,214
Machinery and equipment	1,478,742	402,703	1,076,039
	<u>\$7,811,855</u>	<u>\$935,995</u>	<u>\$6,875,860</u>

Depreciation is charged at straight line rates to amortize cost over the estimated useful life of the assets.

5. Bank Advances

Bank advances are secured by a pledge of inventories, accounts receivable and marketable securities and by a floating charge debenture for \$2,000,000.

6. Mortgages on Income Producing Fixed Assets

Mortgages on income producing fixed assets bear an average interest rate of 8.5% and are repayable as to principal as follows:

1970	\$ 507,110
1971	526,240
1972	724,266
1973	399,304
1974	886,544
1975	104,661
1976	46,260
1977	48,641
1978	49,203
1979	224,963
1980 and subsequent years	308,096
	<u>\$3,825,288</u>

7. Capital Stock

Authorized

500,000 7% Cumulative Class A preference shares, redeemable at par value of \$10 per share.

3,000,000 7% Non-cumulative non-voting Class B preference shares, redeemable at par value of \$1 per share.

7,000,000 Common shares without par value.

Issued and fully paid

2,171,145 Common shares, \$2,833,566.

By letters patent dated November 29, 1968, Shore to Shore Developments Limited, Guelph Properties Limited, Shantz Farms Limited, Ranchlands Limited and Rothsay Concentrates Limited were amalgamated under the laws of Ontario to form Shore to Shore Corporation Limited. The assets, liabilities and retained earnings of the amalgamating companies were transferred at book values and 1,789,600 common shares were issued at book value of \$1,521,551 to the shareholders in accordance with the amalgamating agreement dated November 4, 1968. During the year 379,400 common shares were issued for cash of \$1,297,000 and 2,145 common shares were issued for \$15,015 as partial consideration for the purchase of assets.

8. Contractual Obligations and Commitments

The company is committed to expenditures of approximately \$1,085,000 for the completion of capital projects.

9. Subsequent Events

i) Subsequent to the date of the balance sheet, the company sold the major portion

of its inventory of livestock and feed and certain of its farm fixed assets at the values reflected in the accompanying balance sheet and received as consideration therefor:

Cash	\$ 58,109
Note receivable	61,426
50% of the issued capital stock of Hybrid Cattle Corporation Limited	75,020
	<u>\$194,555</u>

ii) Subsequent to the balance sheet date, the company entered into an agreement to acquire certain fixed assets and contracts for a price of \$816,500 payable \$10,000 in January 1970, \$140,000 in February 1970 and the balance of \$666,500 in forty-three monthly instalments of \$15,500 commencing in April 1970.

iii) Subsequent to the balance sheet date, certain land was sold at a profit of approximately \$157,000.

10. Contingent Liabilities

The company has guaranteed bank advances to its subsidiary companies amounting to \$115,000.

11. Income Taxes

During the year the company was reassessed for income taxes applicable to the amalgamating companies for the years 1965 to 1968 inclusive. The company has filed notices of objection to the assessments and the matter has not yet been resolved. If the company's appeal should be unsuccessful, income taxes currently payable would be increased by approximately \$51,000 and deferred income taxes would be increased by approximately \$20,000.

12. Other Statutory Information

Aggregate direct remuneration of directors and senior officers (as defined by The Corporations Act of Ontario), \$87,287.

Comparative figures for income earned by the amalgamating companies in the prior year are not reported as a result of the dissimilarity of the fiscal periods of those companies prior to amalgamation.

